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News Release

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Former state employee sentenced for health care fraud

A former Minnesota Department of Human Services (DHS) employee was sentenced today in federal court for orchestrating a health care fraud netting in more than \$1 million from Medicaid. In Minneapolis, United States District Court Judge James Rosenbaum sentenced Kim Joann Austen, 48, Hudson, Wisc., to 42 months in prison and three years of supervised release on one count of health care fraud. Austen was indicted on October 7, 2008, and pleaded guilty on January 15, 2009.

In her plea agreement, Austen admitted executing a scheme from August 2003 through September 2008 to defraud Medicaid, a federal health care benefit program, by embezzling money from the program. Specifically, Austen used her position of employment within the DHS to fraudulently cause the State of Minnesota to issue 23 checks. After the checks were issued, Austen admitted they were cashed and the proceeds converted to personal use by her and others. The total gross amount of funds generated in connection with the scheme was more than \$1.1 million.

"The defendant's theft of more than \$1 million from the Medicaid program was an abuse of the public trust and siphoned money from a vital health care program that serves some of our nation's most vulnerable citizens," said U.S. Attorney B. Todd Jones. "Health care fraud in all its varied forms will continue to be a focus of our partnerships with law enforcement and the subject of criminal prosecutions and civil recovery efforts."

The Medicaid program provides medical care and services to low-income persons who meet certain income and other eligibility criteria, and is administered in Minnesota by the DHS, which contracts with health care providers to provide health care goods and services to Medicaid recipients.

"We are pleased this matter has successfully concluded and justice has been served," said Commissioner Cal Ludeman, Minnesota Department of Human Services. "DHS has taken steps to strengthen internal controls as a result of this incident to ensure it won't happen again."

This case was the result of an investigation by the U.S. Department of Health and Human Services-Office of Inspector General, the Federal Bureau of Investigation, the Social Security Administration-Office of Inspector General and the Minnesota Department of Human Services. It was prosecuted by Assistant U.S. Attorney David M. Genrich.

According to the Justice Department, health care fraud investigations have been growing and, on May 20, the Department announced the formation of a senior-level task force to tackle health care fraud throughout the country. The Health Care Fraud Prevention and Enforcement Action Team (HEAT), represented by the departments of Justice and Health and Human Services, looks at how to better share real-time intelligence data on health care fraud patterns and practices as well as critical information about health care services, pharmaceuticals and medical devices. In 2008, the Justice Department filed criminal charges in 502 health care fraud cases involving 797 defendants.